

## Message Text

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ACTION AF-10

INFO OCT-01 ISO-00 COME-00 TRSE-00 XMB-02 OPIC-03  
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TO SECSTATE WASHDC 9508  
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E.O. 11652: N/A  
TAGS: EFIN, NI  
SUBJECT: NIGERIAN BORROWING

REF: STATE 175477

BEGIN UNCLASSIFIED:

1. WALL STREET JOURNAL STORY IS CORRECT IN ALL DETAILS. IN ADDITION TO INFORMATION PROVIDED IN ARTICLE AND SUMMARIZED IN REFTEL, WE WOULD LIKE TO ADD THE FOLLOWING INFORMATION.

2. SECRETARY FOR FINANCE U.K. BELLO (WHO AS A MEMBER OF THE NIGERIAN DELEGATION TO THE BILATERAL ECONOMIC TALKS MET AMERICAN BANKERS IN NEW YORK ON APRIL 27) LED FMG GROUP TO LONDON AT THE END OF JUNE. LONDON IS TRADITIONAL MARKET CENTER FOR SYNDICATED LOANS. ON JULY 6 MANDATE WAS GIVEN BY MINISTRY OF FINANCE AUTHORIZING SIX BANKS CITED IN REFTEL TO INVITE OTHER BANKS TO PARTICIPATE IN LOAN ACCORDING TO TERMS SPECIFIED IN MANDATE. FORMAL LOAN AGREEMENT IS EXPECTED TO BE SIGNED BY LATE SEPTEMBER.

3. ONE HALF OF LOAN IS ALREADY UNDERWRITTEN. DRESDNER BANK AND INTERNATIONAL WESTMINSTER ARE EACH RESPONSIBLE FOR PROVIDING \$100 MILLION OF THEIR OWN FUNDS. THE REMAINING FOUR BANKS ARE EACH

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RESPONSIBLE FOR \$75 MILLION. CHASE HAS BEEN ASSIGNED TO WRITE THE LOAN AGREEMENT. CITIBANK IS PREPARING THE INFORMATION MEMORANDUM. DRESDNER IS ADMINISTRATING THE SIGNING CEREMONY. MIDLAND IS IN CHARGE OF PUBLICITY. WESTMINSTER WILL ADMINISTER THE LOAN. FIRST NATIONAL BANK OF CHICAGO WILL BE RESPONSIBLE FOR THE "SELLING" OF THE REMAINING \$500 MILLION. INVITATION TELEX FOR UNDERWRITING GROUP SENT OUT TO 70 BANKS ON JULY 10. IT

STATED THAT DEPENDING ON RESPONSE OF BANKS, LOAN COULD BE INCREASED TO \$1.2 BILLION. CHICAGO MIGHT THUS COORDINATE SELLING OF \$700 MILLION. A TOTAL OF APPROXIMATELY 350 BANKS AROUND THE WORLD WILL EVENTUALLY BE APPROACHED AND ABOUT 80 WILL ACTIVELY PARTICIPATE.

4. COMMENT: SUCCESSFUL NEGOTIATION OF LOAN IS SIZEABLE ACHIEVEMENT FOR NIGERIA, GIVEN BELIEF EXPRESSED IN BANKING COMMUNITY THAT OBTAINING SECOND LOAN WOULD BE DIFFICULT CHORE. FIRST EURODOLLAR LOAN TOOK FIVE MONTHS TO SIGN AFTER ORIGINAL MANDATE. HOWEVER, THIS SECOND LOAN IS EXPECTED TO BE PROCESSED RELATIVELY QUICKLY AS NIGERIANS NOW KNOW WHAT IS TO BE DONE. CHASE WOULD USE THE SAME FORMAT AS BEFORE IN WRITING THE LOAN AGREEMENT. END UNCLASYZFIED.

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5. BANK EXECUTIVES ARE DIVIDED AS TO WHETHER THE LOAN REALLY IS GOOD MOVE FOR THE AMERICAN BANKS INVOLVED. ONE OFFICER HAS POINTED OUT THAT HIS BANK WILL BE OWED \$135 MILLION BY NIGERIA WHEN THE NEW LOAN IS FULLY DRAWN DOWN ON. THE AFTER-TAX INCOME THAT THE BANK WILL RECEIVE FROM THE LOAN WILL APPROXIMATE \$700,000 ANNUALLY. GIVEN THE LARGE AMOUNT OF MONEY "RISKED" THE PAYOFF IS RELATIVELY SMALL.  
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## Message Attributes

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